UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

JOHN HECK, Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. ORION GROUP HOLDINGS, INC., MARK R. STAUFFER, CHRISTOPHER J. DEALMEIDA, and ROBERT L. TABB, Defendants.	Case No. 4:19-cv-01337 **AMENDED CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS** **JURY TRIAL DEMANDED**

Plaintiff John Heck ("Plaintiff"), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, among other things, his counsel's investigation, which includes, without limitation: (1) review and analysis of regulatory filings made by Orion Group Holdings, Inc. ("Orion" or the "Company") with the United States Securities and Exchange Commission ("SEC"); (2) review and analysis of press releases and media reports issued and disseminated by Orion; (3) interviews of former Orion employees; and (4) review of other publicly-available information concerning Orion.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Orion securities between March 13, 2018 and March 26, 2019, inclusive ("Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 ("Exchange Act").

2. Orion is purportedly a specialty construction company that operates in United States, Canada, and the Caribbean Basin. Its marine segment services include marine transportation facility construction, marine pipeline construction, and dredging of waterways, channels, and ports. The Company's concrete segment provides turnkey concrete construction services across the light commercial, structural, and other associated business areas.

3. On October 18, 2018, the Company announced that it expected a significant revenue shortfall for the third quarter 2018 due to production delays. On the same day, Orion also announced the resignation of its Chief Financial Officer ("CFO").

4. On this news, the Company's share price fell $0.68, or over 10%, to close at $6.11 per share on October 18, 2018, on unusually heavy trading volume.

5. On March 18, 2019, Orion further revealed that the Company would be unable to timely file its annual report due to "extended evaluations of goodwill impairment testing and income tax adjustments, among other things." The Company also announced that it "expects that a significant change in results of operations from the corresponding period for the last fiscal year

will be reflected in its financial statements."

6. On this news, the Company's share price fell $0.52, or over 12%, to close at $3.72 per share on March 18, 2019, on unusually heavy trading volume.

7. On March 26, 2019, the Company reported $94.4 million net loss for the fourth quarter 2018 due to certain non-cash charges, including a $69.5 million goodwill impairment charge.

8. On this news, the Company's share price fell $0.22, or nearly 7%, to close at $2.97 per share on March 26, 2019, on unusually heavy trading volume.

9. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, contrary to Defendants' representations, among others, that: (1) Orion's goodwill was not impaired; (2) there existed no doubtful accounts that required the recording of an allowance; (3) the Company was in compliance with all financial covenants and expected to meet its future internal liquidity and working capital needs; (4) its estimates on construction projects and reserves on certain customer disputed accounts receivables were reasonable; and (5) Orion disclosed any material changes to the Company's internal control over financial reporting as well as any fraud, the accounts of former Orion employees – as well as the Company's subsequent admissions – demonstrate the false and misleading nature of Defendants' statements, and that Defendants made such statements with scienter.

10. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

11. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

12. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and Section 27 of the Exchange Act (15 U.S.C. §78aa).

13. Venue is proper in this Judicial District pursuant to 28 U.S.C. §1391(b) and Section 27 of the Exchange Act (15 U.S.C. §78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. In addition, the Company's principal executive offices are located in this district.

14. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

15. Plaintiff John Heck, as set forth in the previously-filed certification, incorporated by reference herein, purchased Orion securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

16. Defendant Orion is incorporated under the laws of Delaware with its principal executive offices located in Houston, Texas. Orion's common stock trades on the New York Stock Exchange ("NYSE") under the symbol "ORN."

17. Defendant Mark R. Stauffer ("Stauffer") was the Chief Executive Officer ("CEO") of the Company at all relevant times.

18. Defendant Christopher J. DeAlmeida ("DeAlmeida") was the CFO of the Company from February 2014 to November 2, 2018.

19. Defendant Robert L. Tabb ("Tabb") is the CFO of the Company, having previously served as interim CFO since November 2, 2018.

20. Defendants Stauffer, DeAlmeida, and Tabb, (collectively the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market.

The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

21. Orion is purportedly a specialty construction company in the building, industrial, and infrastructure sectors in the continental United States, Alaska, Canada, and the Caribbean Basin. The Company's marine segment services include marine transportation facility construction, marine pipeline construction, marine environmental structures, dredging of waterways, channels and ports, environmental dredging, design, and specialty services. Orion's concrete segment provides turnkey concrete construction services, including pour and finish, dirt work, layout, forming, rebar, and mesh across the light commercial, structural, and other associated business areas. The Company is headquartered in Houston, Texas with offices throughout its operating areas.

Materially False and Misleading Statements Issued During the Class Period

22. The Class Period begins on March 13, 2018. On that day, the Company filed its annual report on Form 10-K for the period ended December 31, 2017 (the "2017 10-K"). Within the 2017 10-K, the Company stated the following regarding goodwill:

> *Goodwill*
> We have acquired businesses and assets in purchase transactions that resulted in the recognition of goodwill that we carry on our balance sheet. In accordance with U.S. GAAP, goodwill recorded on our Consolidated Balance Sheets is not amortized, but is subject to impairment testing at least annually or more frequently if events or circumstances indicate that the asset may be impaired. We

determined that our operations comprise two reporting units for goodwill impairment testing, which matches our two operating segments for financial reporting.

We assess the fair value of our reporting unit based on a weighted average of valuations based on market multiples, discounted cash flows, and consideration of our market capitalization. The key assumptions used in the discounted cash flow valuations are discount rates and perpetual growth rates applied to cash flow projections. Also inherent in the discounted cash flow valuation models are past performance, projections and assumptions in current operating plans, and revenue growth rates over the next five years. These assumptions contemplate business, market and overall economic conditions. We also consider assumptions that market participants may use.

As required, annual impairment testing of goodwill is performed as of October 31 of each year or whenever circumstances arise that indicate a possible impairment might exist. Based on this testing, we determined that the estimated fair value of each reporting unit exceeded its respective carrying values as of October 31, 2017, goodwill was not impaired, and no events have occurred since that date that would require an interim impairment test. In the future, our estimated fair value could be negatively impacted by extended declines in our stock price, changes in macroeconomic indicators, sustained operating losses, and other factors which may affect our assessment of fair value.

23. As to allowance for doubtful accounts, the 2017 10-K stated, in relevant part, the following:

[T]he Company evaluates its contract receivables and costs in excess of billings and thoroughly reviews historical collection experience, the financial condition of its customers, billing disputes and other factors. ***The Company writes off uncollectible accounts receivable against the allowance for doubtful accounts if it is determined that the amounts will not be collected or if a settlement is reached for an amount that is less than the carrying value. As of December 31, 2017 and 2016, the Company had not recorded an allowance for doubtful accounts.***

24. The 2017 10-K also stated the following:

Revenue recognized on ***unapproved change orders*** is included in contract costs and estimated earnings in excess of billings on uncompleted contracts on the balance sheet. We consider claims to be amounts that we seek or will seek to collect from customers or others for ***customer-caused changes*** in contract specifications or design, or other ***customer-related causes*** of unanticipated additional contract costs on which there is no agreement with customers on both scope and price changes. Pending claims are recognized as an increase in contract revenue only when the collection is deemed probable and if the amount can be reasonably estimated for purposes of calculating total profit or loss on long-term contracts. The Company records revenue and the unbilled receivable for project

> claims to the extent of costs incurred and to the extent management believes related collection is probable and includes no profit on claims recorded. Costs associated with claims are included in the estimated costs to complete the contracts and are expensed when incurred.[1]

25. Within the 2017 10-K, the Company also disclosed certain purported risk factors affecting its business, stating in relevant part:

> ***We could suffer contract losses if we fail to accurately estimate our costs or fail to execute within our cost estimates on fixed-price, lump-sum contracts.***
>
> Much of our revenue is derived from fixed-price, lump-sum contracts. Under these contracts, we perform our services and execute our projects at a fixed price and where, as a result, we could benefit from cost savings, but we may be unable to recover any cost overruns. Fixed-price contracts carry inherent risks, including risks of losses from underestimating costs, operational difficulties and other factors that may occur over the contract period. If our cost estimates for a contract are inaccurate, or if we do not execute the contract within our cost estimates, we may incur losses or the project may not be as profitable as we expected. In addition, we are sometimes required to incur costs in connection with modifications to a contract (change orders) that may not be approved by the customer as to scope and/or price, or to incur unanticipated costs, including costs for customer-caused delays, errors in specifications or designs, or contract suspension or termination that we may not be able to recover. These, in turn, could have a material adverse effect on our business, operating results and financial condition. The revenue, cost and gross profit realized on such contracts can vary, sometimes substantially, from the original projections due to changes in a variety of factors, such as:
>
> - failure to properly estimate costs of engineering, design, material, equipment or labor;
> - unanticipated technical problems with the structures or services being supplied by us, which may require that we spend our own funds to remedy the problem;
> - project modifications creating unanticipated costs;
> - differing site conditions;
> - changes in the costs of equipment, materials, labor or subcontractors;

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[1] The wording of this policy was changed in the first quarter of 2018 to reflect the new accounting standard for revenue recognition (ASC 606), which changed some aspects of legacy U.S. GAAP on long-term construction contracts, as known as the percentage-of-completion method (ASC 605-35-25). For purposes of the allegations herein, however, the changes were semantic.

- our suppliers' or subcontractors' failure to perform;
- difficulties in our customers obtaining required governmental permits or approvals;
- changes in local laws and regulations;
- delays caused by local weather conditions; and
- exacerbation of any one or more of these factors as projects grow in size and complexity.

These risks increase if the project is of a long-term duration because of the elevated risk that the circumstances upon which we based our original bid will change in a manner that increases costs. In addition, we sometimes bear the risk of delays caused by unexpected conditions or events.

26. The 2017 10-K also stated the following:

Our indebtedness requires significant debt service payments that could adversely affect our financial condition and prevent us from fulfilling our obligations under our indebtedness.

At December 31, 2017, our total consolidated indebtedness was approximately $88.8 million. Per the Credit Agreement, the Term Loan Facility requires quarterly installment payments which increase throughout the life of the loan and have a date of maturity of August 5, 2020. We must also comply with various affirmative and negative covenants contained in our Credit Agreement, some of which may restrict the way in which we would like to conduct our business. Among other things, our requirements under out debt instruments could potentially limit our ability to:

- incur additional indebtedness or liens;
- make payments in respect of or redeem or acquire any debt or equity issued by us;
- sell assets;
- make loans or investments;
- make guarantees;
- enter into any hedging agreement for speculative purposes;
- acquire or be acquired by other companies; or
- amend some of our contracts.

The restrictions under our indebtedness may prevent us from engaging in certain transactions which might otherwise be considered beneficial to us, for example, they could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future working capital and capital expenditures, to

engage in future acquisitions, to enter into new construction or development activities, or to otherwise fully realize the value of our assets and opportunities because of the need to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness or to comply with any restrictive terms of our indebtedness;

- limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate; and
- place us at a competitive disadvantage as compared to our competitors that have less debt.

We may incur additional indebtedness in the future under our existing Credit Agreement, by issuing debt instruments, under new credit agreements, under joint venture credit agreements, under capital leases or synthetic leases, on a project-finance or other basis or a combination of these. If we incur additional indebtedness in the future, it likely would be under our existing Credit Agreement or under arrangements that may have terms and conditions at least as restrictive as those contained in our existing Credit Agreement. At December 31, 2017, available capacity to borrow on the Revolving Line of Credit was $39.3 million. ***Failure to comply with the terms and conditions of any existing or future indebtedness would constitute an event of default. If an event of default occurs, the lenders will have the right to accelerate the maturity of such indebtedness and foreclose upon the collateral, if any, securing that indebtedness***.

* * *

During the second quarter of 2017, the Company initiated discussions with the lead bank in an effort to explore available options given the step down of the Leverage Ratio covenant and concerns it would not be in compliance with financial covenants. A second amendment to the Credit Agreement was executed during July 2017, which was effective as of June 30, 2017. The Leverage Ratio was adjusted beginning with the quarter ended June 30, 2017 through September 30, 2017, as reflected above. The Fixed Charge Coverage Ration was unchanged. During the third quarter of 2017, the Company initiated discussions with the lead bank due to concerns it would not be in compliance with financial covenants. A third amendment to the Credit Agreement was executed during November 2017, which was effective as of September 30, 2017. The Leverage Ratio was adjusted beginning with the quarter ended September 30, 2017 through each fiscal quarter thereafter, as reflected above. The Fixed Charge Coverage Ration was unchanged. ***The Company was in compliance with all financial covenants at December 31, 2017.***

The Company expects to meet its future internal liquidity and working capital needs, and maintain or replace its equipment fleet through capital expenditure purchases and major repairs, from funds generated by our operating activities for at least the next 12 months. The Company believes that our cash position and available borrowings together with cash flow from our operations is adequate for general business requirements and to service its debt.

27. The 2017 10-K also contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") by the Individual Defendants stating that the financial information contained in the 2017 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting as well as "[a]ny fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting." Specifically, the Individual Defendants represented:

> I, [Mark R. Stauffer and Christopher J. DeAlmeida], certify that:
>
> 1. I have reviewed this annual report on Form 10-K of Orion Group Holdings, Inc.;
>
> 2. ***Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report***;
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> 3. ***Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report***;
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> 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
>
>   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
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>   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
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>   c Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about

the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and;

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. ***The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):***

a. ***All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and***

b. ***Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.***

28. The above statements identified in ¶¶22-27 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, contrary to Defendants' representations, among others, that: (1) Orion's goodwill was not impaired; (2) there existed no doubtful accounts that required the recording of an allowance; (3) the Company was in compliance with all financial covenants and expected to meet its future internal liquidity and working capital needs; (4) its estimates on construction projects and reserves on certain customer disputed accounts receivables were reasonable; and (5) Orion disclosed any material changes to the Company's internal control over financial reporting as well as any fraud, the accounts of former Orion employees – as well as the Company's subsequent admissions – demonstrate the false and misleading nature of Defendants' statements, and that Defendants made such statements with scienter.

29. For instance, Confidential Witness ("CW") 1 served as Regional Controller at Orion from April 2017 to March 2018. CW1's responsibilities included overseeing accounting

issues at Orion for the Company's Gulf Coast Region. CW1 managed the cost, revenue, and all operational accounting functions, including invoicing and accounts payable. CW1 reported directly to Vice President ("VP") of Accounting Kristy Norris ("Norris").

30. CW1 stated that Orion was engaged in improper revenue recognition to enable the Company to meet its debt covenants. According to CW1, Norris and Orion were booking revenue accruals and cost accruals for all regions without supporting documentation. CW1 stated that Norris did not understand the requirements governing revenue recognition, and that Norris and Orion were recognizing revenue on projects outside of what was authorized on the Company's contracts. CW1 stated that an accrual spreadsheet and the month-end workbook were falsified to support false journal entries to the general ledger. As a result, according to CW1, Orion was improperly recognizing revenue on work that had not yet been completed. Additionally, CW1 stated that Norris told CW1 that Norris could recognize any revenue she needed in order to "make the numbers work."

31. Additionally, CW1 stated that Norris had set up a spreadsheet that contained contracts, amounts associated with the contracts, and the adjustments made regarding the contracts. CW1 said that the contracts involved Chevron, Exxon, and the Lafayette Regional Airport, among others. According to CW1, Assistant Controller Ashley Claypole used the spreadsheet to make general ledger entries, and the adjustments were made to book accruals to increase the Company's Earnings Before Interest Taxes Depreciation and Amortization ("EBITDA"). CW1 stated that Orion's motivation in making these improper adjustments was to be able to show a falsified profit and loss statement to enable Orion to meet its debt covenants. CW1 stated that CFO DeAlmeida was involved in the falsification of the Company's accrual spreadsheet and the month-end workbook. CW1 also stated that the Company falsified the Company's records so that executives could receive their bonuses.

32. CW1 stated further that when CW1 became aware of the fraud around January 2018, CW1 called an internal whistleblower hotline. CW1 stated that CW1 spoke directly with CFO DeAlmeida and told him that the conduct that CW1 witnessed was improper. CW1 also said that CW1 reported the improper conduct to Jason Rash, who served as an external auditor at

KPMG.

33. CW1 also stated that CW1 participated in a meeting with CFO DeAlmeida and Director of Human Resources ("HR") Jenifer Lake ("Lake") in December 2017 involving a dredging project in the Company's Gulf Coast Region known as the Eastwest Jones Project. CW1 stated that at the time, CFO DeAlmeida and Orion were attempting to make a $1 million "adjustment" to recognize revenue despite the fact that CW1 never received the necessary paperwork to support the claim that the project had been completed. According to CW1, at the time the project was only about 40% completed. CW1 said that Orion made the adjustments to book accruals to increase the Company's EBITDA. CW1 stated further that dredging projects were low-margin, and that the Company was having a difficult time coming up with enough costs to justify the recognition since the actual expenses were only a few thousand dollars.

34. CW2 served as Orion's Division Controller for the Company's Marine Group from October 2017 to March 2018. CW2's responsibilities included working on the costs for the Company's marine side of the business. CW2 was also responsible for combining revenue reports submitted to CW2 from Regional Controllers in Washington, Houston, and Florida to devise the Company's divisional revenue.

35. CW2 stated that in 2017, CW2 also reported that the Company was engaged in fraud with respect to revenue recognition. Specifically, CW2 stated that in October 2017 – during the preparation of information for the fourth quarter of 2017 – CW2 found that the revenue that Orion had been reporting was significantly more than the Company had actually received. CW2 also observed that the Company's improper revenue recognition had been occurring period after period. CW2 stated further that Orion's Regional Controllers were not making their numbers and, as a result, Orion's executives – including VP of Accounting Norris – were engaged in manipulating the Company's revenue results. CW2 stated further that CW2 discussed the overstatements with Erin Fazio, who served as Orion's Financial Planning and Analysis Manager, and Anthony Randazzo, who served as the Company's Senior Internal Audit Manager.

36. CW2 also stated that CW2 reported the fraud regarding Orion's revenue recognition to Norris, Randazzo, and Brian Hayden ("Hayden"), who served as the Company's VP of Internal Audit. CW2 stated that Hayden began a formal investigation that was conducted by the external auditors at KPMG. CW2 stated that Director of HR Lake and Human Resources Manager Iris Edelen were heavily involved in the investigation. CW2 stated that CW2 was interviewed by Lake in connection with the investigation.

37. As a result, Defendants failed to disclose to investors: (1) that the Company had overstated goodwill in certain periods; (2) that the Company had overstated accounts receivable in certain periods; (3) that the Company lacked effective internal control over financial reporting, including over goodwill impairment testing and allowance for doubtful accounts; (4) that, as a result, the required adjustments would materially impact the Company's financial results; and (5) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

38. On May 3, 3018, the Company issued a press release announcing the Company's financial results for the first quarter of 2018. Within the press release, Orion stated the following:

> During the first quarter, we had solid execution with continued strong market drivers," said Mark Stauffer, Orion Group Holding's President and Chief Executive Officer. "While weather patterns impacted production in our Concrete segment, our Marine segment experienced solid execution. Overall, we remain pleased with the end market drivers across our business, and continue to expect 2018 will see improvements over 2017."

39. On May 4, 2018, the Company filed its quarterly report on Form 10-Q with the SEC for the period ended March 31, 2018, in which it reported $136.8 million revenue, $4.1 million net income, $69.48 million goodwill, and $72.71 million accounts receivable. The report also stated the following:

> At March 31, 2018, goodwill totaled $69.5 million, of which $33.8 million relates to the marine segment and $35.7 million relates to the concrete segment.
>
> As discussed previously in Note 2, goodwill is reviewed at a reporting unit level for impairment annually as of October 31st or whenever circumstances arise that indicate a possible impairment might exist. Test of impairment requires a two-

step process to be performed to analyze whether or not goodwill has been impaired. The first step of this test, used to identify potential impairment, compares the estimated fair value of a reporting unit with its carrying amount. The second step, if necessary, quantifies the impairment. ***No indicators of goodwill impairment were identified during the three months ended March 31, 2018***.

40. Additionally, the Company's Form 10-Q filed with the SEC on May 4, 2018 also contained signed certifications pursuant to the SOX by the Individual Defendants stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting as well as "[a]ny fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting."

41. In a Research Update dated May 3, 3018 entitled "Q118 Is A Good Start; ORN Remains Positive," Stonegate Capital Markets ("Stonegate") stated the following:

> We believe Orion reported good results in Q1F18. While the quarterly results of the Concrete segment did experience some negative impacts due to weather, ORN's aggregate results exceeded expectations. Additionally, given the macro backdrop and overall bid opportunities, ORN's management remains confident in F18 and reiterated its guidance.
>
> **Q1F18 results exceed estimates -** Orion reported Q1F18 revenue, EBITDA, and adjusted EPS of $136.8M, $7.6M, and $0.14, respectively. This compared to our estimates of $135.0M, $6.1M, and $(0.07), respectively. Consensus estimates were $139.6M, $5.3M, and $(0.09), respectively. While the Marine group revenue was a bit lower than we expected, the Concrete segment performed better than we modeled, despite weather related events causing delays. Business mix also helped gross margins. While SG&A was lower than we modeled, we believe the drivers (lower bonus accrual and cost reductions) were more 1x in nature. Lastly, we note that reported EPS was positively impacted by a 1x $5.8M gain from a legal settlement related to a market data loss that caused ORN's to miss various bid/revenue opportunities. Excluding the gain, and using a 27% tax rate, we estimate EPS at $0.00, which still outperforms our and consensus estimates.
>
> **Backlog and bids look positive –** Q1F18 bids in the quarter were at 747M with successful bids at 132M. These figures led to a book-to-bill rate of 0.96x and a win rate of 17.7%. This compares favorably to Q4F17 and Q1F17 book-to-bill/win rates of 0.86x/23.1% and 0.72x/15.0%, respectively. Bids outstanding in Q1F18 were at 886M which compares favorably to Q4F17 and Q1F17 bids outstanding of 605M and 863M, respectively. While the recent trend in backlog over the past few quarters has been downward, management did note the natural volatility in lettings. Additionally, management noted a large project that was won

at the end of F16 raised backlog substantially in the 1H17, thereby creating a tough comp. Nonetheless, management remained confident in the opportunities it sees going forward.

Management remains confident – Throughout the call, management remained confident in its long-term prospects. First, ORN believes the positive macroeconomic backdrop should prove beneficial to the bid market and create opportunities. Next, while the concrete segment continues to experience some competitive pressure in Houston, ORN believes this situation is short-term in nature and ORN continues to see positive trends in Central Texas. Lastly, ORN remains positive on its newly created industrial segment and the progress it's making. Given this confidence, management reiterated its F18 EBITDA guidance of $30M to $40M. We note the guidance is exclusive of the $5.8M legal settlement.

Valuation - We are using a DCF and comparison analysis to help frame valuation. Our DCF analysis produces a valuation range of $8.00 to $14.00 with the midpoint at $10.00. Our EV/EBITDA valuation method results in a range of $6.00 to $11.00 with a midpoint at $8.00.

42. The above statements identified in ¶¶38-40 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, as stated more fully within ¶¶28-37, 60, 65-66, contrary to Defendants' representations, the accounts of former Orion employees – as well as the Company's subsequent admissions – demonstrate the false and misleading nature of Defendants' statements, and that Defendants made such statements with scienter.

43. On August 2, 2018, Orion issued a press release announcing the Company's financial results for the second quarter of 2018. Within the press release, the Company stated the following:

Credit Facility

Subsequent to the end of the second quarter 2018, the Company amended its Credit Agreement. The goal of this amendment was to provide the Company with greater flexibility, while reducing overall cost. The amendment converts the existing $185 million Credit Facility to a $160 million Credit Facility of which $60 million is a term loan and $100 million is a revolver. The amendment also extends the Credit facility to 2023 and reduces the required term loan amortization. The leverage ratio requirements remain unchanged at 3.0 times the trailing twelve months adjusted EBITDA. Additionally, the new facility reduces the overall interest expense at higher leverage ratios. Due to the extension of this facility and other changes in terms, the Company will account for the amendment

> as a debt extinguishment and expense the remaining unamortized fees from the original facility. As a result of this non-cash charge, interest expense in the third quarter of 2018 will be higher by approximately $2.1 million. The new fees associated with the amendment are approximately $0.9 million and will be amortized over the new term, or five years. Total debt outstanding subsequent to the transaction is $90 million, with approximately $70 million available under the revolving Credit Facility. The Company is pleased with the continued robust support from its lenders and looks forward to maintaining a long relationship with its bank group.

44. Also on August 2, 2018, Orion held a conference call to discuss the Company's financial results for the second quarter of 2018. During the conference call, the Company stated the following:

> CHRISTOPHER J. DEALMEIDA, EXECUTIVE VP, CFO & TREASURER, ORION GROUP HOLDINGS, INC.:
>
> * * *
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> ***Subsequent to the end of second quarter, we amended our credit agreement with the goal of providing greater flexibility while reducing overall costs. This amendment converts the existing $185 million credit facility to a $160 million credit facility, of which $60 million is a term loan and $100 million is a revolver***.
>
> Additionally, the amendment extends the credit facility to 2023 and reduces required term loan amortization. Our leverage ratio requirements remain unchanged at 3x of trailing 12-month adjusted EBITDA. Additionally, this amendment reduces the overall interest expense and higher leverage ratios.
>
> Due to the extension of this facility and related terms, we will be extinguishing the remaining unamortized fees from the original facility. As a result, interest expense in the third quarter 2018 will be higher by approximately $2.1 million. The new fees associated with this amendment are approximately $900,000 and will be amortized over the new term, or 5 years.
>
> ***Total debt outstanding post the transaction is approximately $90 million, with approximately $70 million available under the revolving line of credit. We are pleased with this amendment and the flexibility it provides us. We also are pleased with the continued robust support from our lenders, and we look forward to a continued long relationship. We believe our liquidity position is more than adequate for general business requirements and for servicing our debt going forward.*** Additionally, our bonding program remains solid and is more than adequate to support our bid activity.

45. On August 3, 2018, the Company filed its quarterly report on Form 10-Q with the SEC for the period ended June 30, 2018, in which it reported $159.8 million revenue, $2.25 million net income, $69.48 million goodwill, and $77.02 million accounts receivable. The report also stated the following:

> At June 30, 2018, goodwill totaled $69.5 million, of which $33.8 million relates to the marine segment and $35.7 million relates to the concrete segment.
>
> As discussed previously in Note 2, goodwill is reviewed at a reporting unit level for impairment annually as of October 31 or whenever circumstances arise that indicate a possible impairment might exist. Test of impairment requires a two-step process to be performed to analyze whether or not goodwill has been impaired. The first step of this test used to identify potential impairment, compares the estimated fair value of a reporting unit with its carrying amount. The second step, if necessary, quantifies the impairment. ***No indicators of goodwill impairment were identified during the six months ended June 30, 2018***.

46. Additionally, the Company's Form 10-Q filed with the SEC on August 3, 2018 also contained signed certifications pursuant to the SOX by the Individual Defendants stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting as well as "[a]ny fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting."

47. In an August 3, 2018 Stonegate Research Update entitled "Solid Quarter and EBITDA Guidance Raised," Stonegate stated the following:

> Orion reported nice upside vs. our estimates and consensus. While parts of the Concrete business continue to experience margin pressure from a competitive environment, overall trends look positive. Furthermore, ORN management remains confident in the business environment. As a result, management increased its F18 EBITDA guidance range by $10M for F18.
>
> **Solid Q2F18 results -** Orion reported Q2F18 revenue, EBITDA, and adjusted EPS of $159.8M, $12.5M, and $0.08, respectively. This compared to our estimates of $150.5M, $8.1M, and $(0.01), respectively. Consensus estimates were $152.0M, $9.0M, and $0.01, respectively. Concrete led the upside with a $7M outperformance vs our model, followed by the Marine group. Gross margins also performed well driven by mix and better utilization levels. SG&A was in-line with estimates. As a result, the EBITDA and EPS beat was driven by the better revenue performance. We would note that ~$0.03 of the EPS upside was driven

by a gain on an asset sale.

Aggregate trends look positive – First. Q2F18 bids were at 668M with 145M successful bids. Book-to-bill was 0.91x and the win rate was 21.7%. This compares to F17 and Q1F18 book-to-bill/win rates of 0.87x/20.3% and 0.96x/17.7%, respectively. Next, Q2F18 bids outstanding were at 1.0B, up from 886M in Q1F18. Combined backlog and apparent low bidder levels where 475.7M vs. 388.3M in Q1F18.

Management positive on segment performance – The Marine side showed solid Q/Q revenue growth of 28.5% and Y/Y growth of 30.2%. We note that Q2F18 and Q3F18 should show solid Y/Y growth rates as the year ago quarters were negatively impacted by permit delays and hurricanes. ORN continues to have a favorable outlook due to a positive macroeconomic backdrop that should prove beneficial to the bid market and create opportunities. Also, in July, the US Army Corp of Engineers announced $5B in funding for disaster recovery in Texas.
While the concrete segment continues to experience competitive pressures in Houston, ORN believes this situation is turning. First, ORN stated that it's starting to see the negative impacts from the hurricane and floods of last year work its way through the system. Additionally, project announcements have ticked up, and ORN is seeing an increase in architectural activity. Given these data points, ORN believes improvements should show in the 2H18 and into F19.

Guidance increased – As a result of the YTD performance, current trends, and management's outlook, ORN raised its EBITDA guidance range to $45M to $50M. Prior guidance was $30M to $40M, however, this excluded 1x gains. The new guidance is inclusive of these gains. Adjusting the prior guidance for 1x gains, shows that ORN raised its range by ~$10M.

Valuation - We are using a DCF and comparison analysis to help frame valuation. Our DCF analysis produces a valuation range of $8.00 to $14.00 with the midpoint at $10.00. Our EV/EBITDA valuation method results in a range of $6.00 to $12.00 with a midpoint at $9.00.

48. The above statements identified in ¶¶43-46 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, as stated more fully within ¶¶28-37, 60, 65-66, contrary to Defendants' representations, the accounts of former Orion employees – as well as the Company's subsequent admissions – demonstrate the false and misleading nature of Defendants' statements, and that Defendants made such statements with scienter.

The Truth Begins to Emerge

49. The truth began to emerge on October 18, 2018, when the Company announced that it expected a significant revenue shortfall for third quarter 2018 due to production delays and that it may perform an interim goodwill impairment test. In a press release, the Company stated, in relevant part:

> During the third quarter 2018, the Company experienced unanticipated delays in commencing certain work due to customer schedules. The Company also experienced significant production delays in its Concrete segment, primarily due to continuous rain throughout its market areas in Texas, particularly during September. As a result, the timing of certain projects and opportunities has changed and the Company will see significant revenue shortfall in both segments, which will cause third quarter 2018 results to fall significantly below its expectations, anticipating a loss of ($0.20) – ($0.25) per share. Please note that these third quarter 2018 results are preliminary and therefore subject to the completion of customary quarterly closing and review procedures, including potentially performing an interim Goodwill test. Final third quarter results are expected to be announced on November 1, 2018.
>
> These delays due to customer schedules and weather patterns were outside the Company's control. Given the quick cycle nature of its business, the Company reminds investors to focus on long-term results, rather than quarter to quarter fluctuations.
>
> Although the anticipated results for the third quarter are disappointing, the Company remains confident in its strategic plan, its long-term market outlook and its fundamental business drivers. During the third quarter the Company bid on approximately $871 million worth of opportunities and was successful on approximately $210 million, representing an overall win rate of 24.1%. In addition, the Company is confident in its outlook for future bid opportunities, including over $9 billion worth of potential opportunities the Company is currently tracking.
>
> "Despite delays during the third quarter, we remain confident with our long-term outlook due to our solid bid market and the second highest backlog in the Company's history," said Mark Stauffer, Orion Group Holding's President and Chief Executive Officer. "Overall, we continue to believe the Company has a solid strategic plan and a strong outlook, with solid prospects for continued bottom line improvement in the future. During the first half of 2018, we outperformed due to solid project execution, continued strong demand, and favorable working conditions. We continue to remain focused on managing cost and reducing underutilized assets."

50. The same day, the Company announced that CFO DeAlmeida had resigned.

51. Also on October 18, 2018, Orion held a conference call to discuss the Company's preliminary financial results for the third quarter of 2018. During the conference call, the Company stated the following:

> Now looking at the third quarter in more detail. During the quarter, we experienced delays in new project awards and customer schedules. As a reminder, we are a quick-turn business, with the average job only lasting 3 to 9 months. As such, we head into any given period with only a portion of the total expected revenues in backlog, the remainder coming from the short cycle, quick-burn projects or other new awards.
>
> ***During the third quarter, particularly in our Marine segment, we saw significantly less short-cycle, quick-burn projects. However, these types of projects are continuing, and we expect to see a return to normal activity as we head into 2019***.
>
> Additionally, customer schedules related to the timing of awards in some cases and permitting delays in other cases caused the timing of work burning during the quarter to be different than we originally planned. ***Also, we experienced significant production delays in our Concrete segment, primarily due to continuous rainfall across our market areas in Texas, particularly during September, which prevented us from executing our work and delayed projects in our backlog.*** In fact, September was our Concrete segment's lowest volume of cubic yards placed in a month this decade, and we placed only a fraction of the normal average monthly volume of cubic yards. This, of course, impacted cost burn and revenue generation during the third quarter.
>
> ***Going forward, as weather patterns improve, we expect to return to our normal volume of cubic yard placement and all projects impacted will be completed as normal. Unfortunately, customer schedules and weather patterns are outside our control but nevertheless impact our results***.
>
> * * *
>
> ***Additionally, we were in compliance with all loan covenants at the end of the third quarter***, our balance sheet remains strong and we continue to have positive cash flow. Please note that these third quarter 2018 results are preliminary and therefore, subject to the completion of our normal and customary quarterly closing and review procedures, including potentially performing an interim goodwill test. Also, we will update our EBITDA guidance for the full year of 2018 on the full earnings call, which we expect to hold on November 1.
>
> I continue to be focused on moving our company forward, positioning us for success and increasing shareholder value. I'm confident in our strategic plan, our long-term market outlook and our fundamental business drivers.
>
> Separately and completely unrelated to the announcement of preliminary results

> for the third quarter, ***Chris DeAlmeida has decided to leave the company after November 2, 2018***, to start a new opportunity with a private company that is not a competitor.

* * *

52. An October 18, 2018 Research Update from Stonegate entitled "Quarter Volatility Negatively Hits Q318" stated the following:

> This morning, Orion preannounced its Q3F18 with weaker than expected results. While management remains confident in its long-term strategy, unforeseen customer project delays, new project award delays, and negative weather impacts caused Orion to lower expectations for Q3F18. Additionally, the Company announced its CFO, Chris DeAlmeida, is leaving Orion on November 2 to pursue another opportunity.
>
> **Key takeaways**
>
> - Orion is expecting Q3F18 EPS in the range of $(0.20) - $(0.25)
> - Orion will update its F18 EBITDA guidance on its Nov 1st EPS call
> - Drivers of drop in results include: (1) delays in customer project schedules; (2) weaker than expected new project awards; (3) significant weather (rain) in Texas caused delays in concrete segment
> - Both segments are expected to see a "significant" revenue shortfall in Q3F18
> - Total Q3F18 revenue expected to show a Y/Y decline
> - New project award delays most pronounced in Marine segment
> - Orion believes delays in new project awards are temporary and expects a return to normal activity in 2019
> - In Q3F18, Orion bid on $871M opportunities and won $210M for a win rate of 24.1%
> - Mr. DeAlmeida is leaving on Nov 2nd to take another position at a private, non-competitor company
> - Orion promoted its VP of Finance, Mr. Robert Tabb, as interim CFO
> - Orion is seeking a new CFO from internal and external candidates
>
> **Changes to model**
>
> We are dropping our numbers to better align with Q3F18 guidance. Additionally, as October has also experienced some significant rain patterns in Texas, we are also dropping our expectations for Q4F18. Furthermore, we assume the F18 delayed projects are pushed into F19. We also assume new project award activity for the Marine segments normalizes in F19. As such, we push most of the revenue we expected in F18 into F19 and attempt to follow normal seasonal patterns.
>
> **Valuation -** We are using a DCF and comparison analysis to help frame valuation. Our DCF analysis produces a valuation range of $8.00 to $14.00 with the midpoint at $10.00. Our EV/EBITDA valuation method results in a range of $8.00 to $15.00 with a midpoint at $11.00.

53. On this news, the Company's share price fell $0.68, or over 10%, to close at $6.11 per share on October 18, 2018, on unusually heavy trading volume.

54. On November 1, 2018, Orion issued a press release announcing the Company's financial results for the third quarter of 2018. Within the press release, the Company stated the following:

> HOUSTON, TEXAS, November 1, 2018 – Orion Group Holdings, Inc. (NYSE: ORN) (the "Company"), a leading specialty construction company, today reported net loss of $6.4 million, ($0.22 diluted loss per share) for the three months ended September 30, 2018. These results compare to net loss of $5.0 million, ($0.18 diluted loss per share) for the same period a year ago.
>
> "Despite customer scheduling and weather delays during the third quarter, we remain bullish on the long-term outlook of the Company due to our solid bid market and second highest backlog in Company's history," said Mark Stauffer, Orion Group Holding's President and Chief Executive Officer. "Our Marine segment continues to see strong demand and we continue to have solid project execution. As previously noted, during the third quarter, we experienced delays in new project awards as well as customer permitting delays. Additionally, our Concrete segment experienced project delays due to continuous rain patterns throughout Texas in August and September. Given the quick cycle nature of our business, we encourage investors to focus on long term results, as we do, rather than quarter to quarter fluctuations."
>
> **Consolidated Results for Third Quarter 2018 compared to Third Quarter 2017**
>
> - Contract revenues were $125.1 million, a decrease of 10.8% as compared to revenues of $140.2 million. The decrease is primarily attributed to the timing and mix of projects and weather patterns in Texas.
>
> - Gross profit was $5.9 million, as compared to gross profit of $10.8 million. Gross profit margin was 4.7% as compared to 7.7%. This decrease is primarily attributed the timing and mix of projects and weather patterns in Texas. Selling, General and Administrative expenses were $14.4 million as compared to $16.5 million. The decrease is driven by cost saving initiatives and decreased legal fees.
>
> - Operating loss was $7.4 million as compared to an operating loss of $5.4 million.
>
> - EBITDA was $0.7 million, representing a 0.5% EBITDA margin as compared to EBITDA of $2.0 million, or 1.4% EBITDA margin.

Segment Results for Third Quarter 2018 Compared to Third Quarter 2017

Marine Segment

- Contract revenues were $63.5 million, a decrease of 7.2% as compared to $68.4 million. The decrease is primarily attributed to the timing and mix of projects driven by customer schedules.

- Operating loss was $5.6 million, as compared to an operating loss of $9.8 million. The increase is attributed to the three Hurricanes that impacted roughly eighty percent of Marine operations in the third quarter of last year.

- EBITDA was $2.5 million, representing a 4.0% EBITDA margin as compared to $(2.4) million EBITDA and a (3.5)% EBITDA margin.

Concrete Segment

- Contract revenues were $61.6 million, a decrease of 14.2%, as compared to $71.8 million. The decrease is primarily attributed to delays caused by continuous rain patterns throughout the Texas market during August and September.

- Operating loss was $1.8 million, as compared to operating income of $4.5 million. The decrease is primarily attributed to delays caused by continuous rain patterns throughout Texas during August and September.

- EBITDA was $(1.9) million, representing a (3.0)% EBITDA margin as compared to $4.4 million EBITDA and an 6.1% EBITDA margin.

Backlog

Backlog of work under contract as of September 30, 2018 was the Company's second highest backlog in its history at $426 million and an increase of 11.2% compared with backlog under contract at September 30, 2017 of $383 million. Of the September 30, 2018 backlog, $238.1 million was attributable to the Marine segment, while $187.9 million was attributable to the Concrete segment. The increase in backlog is due to the timing and mix of project awards and continues to support the Company's positive outlook. Currently, the Company has $1.1 billion worth of bids outstanding, including approximately $63 million on which it is the apparent low bidder, or have been awarded subsequent to the end of the third quarter, of which approximately $58 million pertains to the Marine segment and approximately $5 million to the Concrete segment.

"During the third quarter, we bid on approximately $871 million and were successful on approximately $210 million," said Chris DeAlmeida, Orion Group Holding's Executive Vice President and Chief Financial Officer. "This resulted in a 1.68 times book-to-bill ratio and a win rate of 24.1%. In the Marine segment,

we bid on approximately $341 million during the third quarter 2018 and were successful on $117 million, which translated into a 1.84 times book-to- bill ratio and a win rate of 34.3%. The Concrete segment bid on approximately $530 million in work while being awarded approximately $93 million. This yielded a 1.52 times book-to-bill ratio and a win rate of 17.5%."

Backlog consists of projects under contract that have either (a) not been started, or (b) are in progress and not yet complete, and the Company cannot guarantee that the revenue projected in its backlog will be realized, or if realized, will result in earnings. Backlog can fluctuate from period to period due to the timing and execution of contracts. Given the typical duration of the Company's projects, which generally range from three to nine months, the Company's backlog at any point in time usually represents only a portion of the revenue it expects to realize during a twelve-month period.

Business Sector Overviews

The Infrastructure sector, which consists of the Marine segment, provides both public and private opportunities to maintain and expand marine facilities on and over U.S. waterways. Market fundamentals in this segment continue to provide promising opportunities for future jobs. Specifically, expansion of private sector waterside facilities continues, with solid demand from private recreational customers, including bid opportunities for cruise industry infrastructure, as well as continued solid demand from the downstream energy sector.

The Building sector, which consists of the Concrete segment, continues to see solid demand as its three major metropolitan markets retain their positions as leading centers for population growth and business expansion. Population growth is driving new distribution centers, office expansion, retail and grocery establishments, multi-family housing units, educational facilities and medical facilities. In Houston, the Company continues to experience competitive pressure in the market but expects to maintain market share. The Company continues to focus on expanding its market share in the Dallas-Fort Worth market, including adding structural opportunities. Also, solid growth opportunities are expected in the Central Texas market, as the Company continues to see fundamentally strong end market drivers.

In the Industrial sector, the Company continues its greenfield expansion by combining talent and resources from the Marine segment and Concrete segment to execute and pursue foundation and other work inside the industrial environment. The Company is currently executing industrial projects with several additional bids and bid opportunities developing. The Company continues to expect the massive long-term petrochemical driven opportunities along the Gulf Coast to provide significant project opportunities with outpaced growth in the petrochemical industry.

Outlook

"During the first six months of 2018, we experienced solid project execution, continued strong demand, and favorable working conditions," stated Mr. Stauffer. "While we experienced some delays that adversely effected our results in the third quarter and may impact the fourth quarter, these are related to the timing of awards, weather, and the natural quick cycle nature of our business. Year to date, we have had improved performance with top line and bottom line growth and we remain optimistic about the long-term outlook for our business. We continue to remain focused on cost controls as well as reducing underutilized assets. Our strategic plan is working, we are headed in the right direction, we remain focused on increasing shareholder value and we continue to believe the Company has a strong outlook, with solid prospects for continued bottom line growth in the future. Currently, we have $1.1 billion worth of total bids outstanding. However, given the impacts from the third quarter, we will not meet our EBITDA outlook for 2018 as previously anticipated. Currently, we believe our full year 2018 EBITDA outlook will be in the range of the high twenties to low thirties."

55. On November 1, 2018, Orion held a conference call to discuss the Company's financial results for the third quarter of 2018. During the conference call, the Company stated the following:

ROBERT L. TABB, INTERIM CFO, ORION GROUP HOLDINGS, INC.:

* * *

As a reminder, during the third quarter 2018, we amended our credit agreement with the goal of providing greater flexibility, while reducing overall costs. This amendment converted the existing $185 million credit facility to a $160 million credit facility, of which $60 million is a term loan and $100 million is a revolver.

Due to this extension of this credit facility and related terms, we extinguished the remaining unamortized fees from the original facility. As a result, interest in the third quarter 2018 was higher by approximately $2.1 million. The new fees associated with the amendment are approximately $900,000 and will be amortized over the new term or 5 years.

Going forward, we will continue to focus on paying down debt with excess free cash flows. ***We believe our liquidity position is more than adequate for general business requirement and for servicing our debt going forward. Additionally, our bonding program remains solid and is more than adequate to support our bid activities.***

56. A November 1, 2018 Stonegate Research Update entitled "Q3F18 Reported; Looking to F19" stated the following:

Orion reported an EPS loss that was in-line with its negative preannouncement on October 18. As a reminder, unforeseen customer project delays, new project award delays, and negative weather impacts drove ORN to lower its expectations for Q3F18. While management continues to remain confident in its long-term strategy and opportunities, given Q3F18 results and current short-term expectations, ORN dropped its F18 EBITDA guidance.

Q3F18 results
Orion reported Q3F18 revenue, EBITDA, and adjusted EPS of $125.1M, $0.7M, and $(0.22), respectively. The EPS was in-line with ORN preannounced results on Oct 18th. We note that revenue was a bit short of our updated numbers by $10M and GPM was lower than we expected as well (4.7% vs. 7%). EBITDA, however, was better than our updated model as ORN held spending at the SG&A line in check and ORN recognized $1M in asset sale gains.

Backlog and bids look positive
Despite the quarterly volatility, ORN showed positive movement in bids outstanding and backlog. Bids outstanding at Q3F18 stood at $1.1B, up from $1B in Q218 and $0.97M in Q317. Q3F18 backlog was $426M. This compares to $341M in Q218 and $383M in Q3F17. We estimate delayed project starts that negatively impacted Q3F18 results likely added ~$20M to backlog (projects didn't start). Excluding this estimate, Q3F18 backlog still looks healthy and trending in the right direction. Book to bill was 1.68x and the win rate in Q3F18 was 24.1%.

Management continues to look long-term
As the timing of project starts can sometimes cause swings, quarterly volatility is likely to continue for ORN. Additionally, ORN has no control over weather events that cause delays in projects. We note that for the past 3 years, ORN has experienced some external weather event that caused volatility. Nonetheless, ORN management continues to focus on its strategic vision of being a leading specialty construction company. ORN continues to believe that the macroeconomic trends and demand picture looks positive for its Infrastructure group (Marine) and Building group (Concrete). Furthermore, its new Industrial group has lots of promise.

F18 guidance updated
Because of the YTD performance, current trends, and management's outlook, ORN dropped its F18 EBITDA guidance to a range of "upper 20's to low 30's". Prior guidance was $45M to $50M, which included 1x gains. We adjusted our model to updated guidance.

Valuation
We are using a DCF and comparison analysis to help frame valuation. Our DCF analysis produces a valuation range of $6.00 to $12.00 with the midpoint at $9.00. Our EV/EBITDA valuation method results in a range of $6.00 to $12.00 with a midpoint at $9.00.

57. On November 2, 2018, the Company filed its quarterly report on Form 10-Q with the SEC for the period ended September 30, 2018, in which it reported $125.1 million revenue, $6.36 million net loss, $69.48 million goodwill, and $81.18 million accounts receivable. As to goodwill impairment testing, the report stated, in relevant part:

> During the three months ended September 30, 2018, the Company identified potential indicators of impairment to goodwill for both its marine and concrete reporting units, including operating losses within each segment and adjusted forecasted earnings for the full fiscal year. As such, the Company performed a qualitative assessment and certain sensitivity analysis to determine whether it was more likely than not that goodwill was impaired. ***After evaluating all events, circumstances and factors which could affect the significant inputs used to determine fair value, the Company determined it was not more likely than not that an impairment existed at either reporting unit.*** The Company did not progress to subsequent steps of impairment testing and plans to perform its annual impairment testing as of October 31.

58. Additionally, the Company's Form 10-Q filed with the SEC on November 2, 2018 also contained signed certifications pursuant to the SOX by the Individual Defendants stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting as well as "[a]ny fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting."

59. The above statements identified in ¶¶49, 51, 54-55, and 57-58 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, as stated more fully within ¶¶28-37, 60, 65-66, contrary to Defendants' representations, the accounts of former Orion employees – as well as the Company's subsequent admissions – demonstrate the false and misleading nature of Defendants' statements, and that Defendants made such statements with scienter.

<u>Disclosures at the End of the Class Period</u>

60. On March 18, 2019, the Company revealed that it would be unable to timely file its annual report due to "extended evaluations of goodwill impairment testing and income tax adjustments, among other things" and that it expected to report a net loss. In a Form 12b-25 Notification of Late Filing filed with the SEC, the Company stated, in relevant part:

> Orion Group Holdings, Inc. (the "Company") is unable, without unreasonable effort or expense, to file its Annual Report on Form 10-K for the year ended December 31, 2018 ("Annual Report"),within the prescribed time period (by March 18, 2019) resulting from unanticipated delays that have impacted our ability to timely prepare our financial statements and complete our assessment of the effectiveness of internal controls over financial reporting in order for our auditors to perform all their required procedures. The delays resulted from extended evaluations of goodwill impairment testing and income tax adjustments, among other things. The Company expects to file its Annual Report on Form 10-K within the prescribed time allowed pursuant to Rule 12b-25 (by April 2, 2019).
>
> As a result of the matters discussed in Part III above, the Company is not in a position to provide any specific estimate or anticipated changes in results of operations from the corresponding period for the last fiscal year that will be reflected in the financial statements to be included in the 2018 Annual Report on Form 10-K.
>
> The Company expects that a significant change in results of operations from the corresponding period for the last fiscal year will be reflected in its financial statements. The Company expects to report an operating loss and net loss for the year ended December 31, 2018. These expected results are significantly lower than the operating income and net income reported in the prior fiscal year, primarily due to: (1) the impairment of goodwill during the year ended December 31, 2018, as a result of a decline in market capitalization, (2) unfavorable changes in our estimates on construction projects in both the marine and concrete segments, and (3) taking a reserve on certain customer disputed accounts receivables.

61. On this news, the Company's share price fell $0.52, or over 12%, to close at $3.72 per share on March 18, 2019, on unusually heavy trading volume.

62. On March 26, 2019, the Company reported $94.4 million net loss for the fourth quarter 2018 due to certain non-cash charges, including a $69.5 million goodwill impairment charge. In a press release announcing the fourth quarter and full year 2018 financial results, the Company stated, in relevant part:

> **Fourth Quarter Highlights**
>
> - Contract revenues were $99.2 million for the fourth quarter of 2018 compared to $162.2 million for the fourth quarter of 2017. Revenues were impacted by continued negative weather patterns in Texas, as well as adjustments of estimates on certain projects.
>
> - Operating loss was $104.8 million for the fourth quarter of 2018 compared to operating income of $10.8 million for the fourth quarter of 2017.

- Net loss was $94.4 million ($3.32 diluted loss per share) for the fourth quarter of 2018 compared to net income of $9.5 million ($0.34 diluted earnings per share) for the fourth quarter of 2017.

- The fourth quarter 2018 operating loss and net loss included non-cash charges totaling $96.5 million ($2.65 per diluted share) related to the impairment of goodwill ($69.5 million), customer-driven cost overruns on certain projects ($22.8 million), and reserve on disputed accounts receivables ($4.3 million). (Please see page 9 of this release for a reconciliation of Adjusted Net Loss.)

- EBITDA, adjusted to exclude the impact of the aforementioned charges and other non-recurring costs, was $2.5 million in the fourth quarter of 2018, which compares to adjusted EBITDA of $17.9 million for the fourth quarter of 2017. (Please see page 10 of this release for an explanation of EBITDA, Adjusted EBITDA and a reconciliation to the nearest GAAP measure.)

- Backlog expanded to an all-time high of $441 million on a fourth quarter book-to-bill of 1.14x.

"We remain focused on the operational transformation underway throughout our Company, which we believe will become increasingly evident as 2019 progresses," stated Mark Stauffer, Orion Group Holding's President and Chief Executive Officer. "Our reported results for the fourth quarter were impacted by shifts in the timing of the commencement of several Marine projects, as well as weather-related delays for our concrete operations as a result of heavy rains and disruptive weather patterns throughout our key Texas markets. ***These were issues that began in the third quarter of 2018 and, unfortunately, they persisted through the final months of the year, which we indicated were a risk when we reported our third quarter results in November. Additionally, our fourth quarter results included non-cash charges for the impairment of goodwill, as well as a write-down of revenues as a result of losses in our Marine segment resulting from cost overruns on certain projects created by customer schedules, customer delays, and other customer impacts to production.*** We are seeking recovery through change orders for these cost overruns, however we cannot assure recovery at this time."

* * *

- Contract revenues were $99.2 million, a decrease of 38.8%, as compared to $162.2 million. The decrease is primarily attributable to a ***$22.8 million charge related to customer-driven cost overruns*** on certain projects in the Marine segment, coupled with the impact of continued rainy weather patterns in Texas in the Concrete segment.

- Gross (loss) profit was $(20.9) million, as compared to $27.8 million. Gross (loss) profit margin was (21.0)%, as compared to 17.1%. The decrease reflects the aforementioned decline in contract revenues, along with a $22.8 million charge related to customer-driven cost overruns on

certain projects in the Marine segment and a $4.3 million non-cash charge for reserves on ***disputed*** accounts receivables.

- Selling, General, and Administrative expenses were $15.2 million, as compared to $17.0 million. The decrease is driven by cost saving initiatives and decreased legal fees.

- Operating loss was $104.8 million as compared to operating income of $10.8 million. The operating loss in the fourth quarter of 2018 reflects the aforementioned contract adjustments of $22.8 million, the goodwill impairment charge of $69.5 million, and the $4.3 million non-cash charge for reserves on disputed accounts receivables.

- EBITDA was $(94.1) million, representing a (94.8)% EBITDA margin, as compared to EBITDA of $17.9 million, or 11.1% EBITDA margin. When adjusted for the aforementioned non-cash charges and other non-recurring costs, adjusted EBITDA for the fourth quarter of 2018 was $2.5 million, representing a 2.5% EBITDA margin.

63. On this news, the Company's share price fell $0.22, or nearly 7%, to close at $2.97 per share on March 26, 2019, on unusually heavy trading volume.

64. On March 26, 2019, Stonegate issued a Research Update entitled "Q4F18 Clears the Deck" in which Stonegate stated the following:

> Orion reported Q4F18 results that were negatively impacted by various charges including customer driven cost overruns and a goodwill impairment. Compounding the negative results in the quarter where weather delays along with continued additional project delays. As a result of the above, results underperformed. Management continues to remain confident in its long-term strategy and opportunities. Furthermore, Orion expects to detail its strategic review to drive improving profitability in Q2F19.
>
> **Q4F18 results miss expectations -** Orion reported Q4F18 revenue, adjusted EBITDA, and adjusted EPS of $99.2M, $2.5M, and $(0.28), respectively. This compares to our model of $145M, $3.1M, $(0.14), respectively. Consensus estimates were $141.5M, $3.0M, $(0.14), respectively. Both segments underperformed our model. The Marine segment was hit by a $22.8M charge related to customer driven cost overruns as well as other project delays and project mix. The Concrete segment was hit again by weather delays. Gross margin was also negatively impacted by the above issues along with a $4.3M non-cash reserve taken for disputed accounts receivable. While SG&A cost were lower than we modeled, ORN took a $69.5M impairment of goodwill, which effectively removed the asset from the balance sheet. After excluding all the 1x charges, adjusted EBITDA was slightly under our model. We note that D&A was ~$2.5M higher due to a 1x "catch-up" for GAAP accounting changes reflecting operating leases.

> **Management continues to look long-term** – ORN continues to believe that the macroeconomic trends and demand picture looks positive for both segments. Additionally, ORN indicated that many of the project delays in Q4F18 began in Q1F19. Also, ORN is seeking to recoup the customer driven cost overruns mentioned above. Lastly, ORN reported a healthy backlog at $441M and a book-to-bill of 1.14x.
>
> **Operational review conclusion expected in Q2F19 -** ORN indicated that its Jan'19 scale and growth initiative is tracking to expectations for a release of details in Q2F19. As a reminder, the initiative is focused on helping ORN improve its efficiency, performance, and predictability as it drives to attain an annual EBITDA goal of $60M to $100M. As a first step, ORN appointed board member Austin Shanfelter as interim COO for the Marine group and announced a leadership change at the Marine group by hiring a new EVP. The new EVP has over 27 years of experience and was most recently at Texas Sterling Construction Company (NASDAQ: STRL).
>
> **F19 guidance -** ORN expects F19 adjusted EBTIDA to be at least at the levels of F17. This implies adjusted EBITDA at ~$31M.
>
> **Valuation -** We are using a DCF and comparison analysis to help frame valuation. Our DCF analysis produces a valuation range of $6.00 to $11.00 with the midpoint at $8.00. Our EV/EBITDA valuation method results in a range of $4.00 to $8.00 with a midpoint at $6.00.

65. On March 27, 2019, the Company filed its Form 10-K for the fiscal year ended December 31, 2018 ("2018 10-K"). Within the 2018 10-K, the Company stated the following:

> During the year-ended December 31, 2018, we recognized unfavorable changes in our estimates on two construction projects in our Marine Segment. These changes were caused by prolonged weather delays, unforeseen access and other ***client-imposed restrictions*** that impacted our productivity. The result of these changes in estimates is reflected as a ***decrease in revenue*** of $22.8 million in the consolidated statement of operations for the year-ended December 31, 2018 and included in billings in excess of costs and estimated earnings on uncompleted contracts.

66. The Company's 2018 10-K also stated the following:

> Contract revenue is derived from the original contract price as modified by agreed-upon change orders and estimates of variable consideration related to incentive fees and ***change orders or claims for which price has not yet been agreed by the customer***. The Company estimates variable consideration based on the most likely amount to which it expects to be entitled. ***Variable consideration is included in the estimated transaction price to the extent it is probable*** that a significant reversal of cumulative recognized revenue will not occur. As of December 31, 2018, approximately $1.1 million of claims against customers has been recognized and is reflected on the Company's Consolidated Balance Sheet

> under "Costs and estimated earnings in excess of billings on uncompleted contracts." The Company believes collection of these claims is probable, although the full amount of the recorded claims may not be collected.

CLASS ACTION ALLEGATIONS

67. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Orion securities between March 13, 2018 and March 26, 2019, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

68. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Orion's common shares actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Orion common stock were traded publicly during the Class Period on the NYSE. Record owners and other members of the Class may be identified from records maintained by Orion or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

69. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

70. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

71. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Orion; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

72. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

73. The market for Orion's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Orion's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Orion's securities relying upon the integrity of the market price of the Company's securities and market information relating to Orion, and have been damaged thereby.

74. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Orion's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Orion's business, operations, and prospects as alleged herein.

75. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Orion's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

76. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

77. During the Class Period, Plaintiff and the Class purchased Orion's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

78. Specifically, on October 18, 2018, the Company announced that it expected a significant revenue shortfall for third quarter 2018 due to production delays. On the same day, Orion also announced the resignation of its CFO.

79. On this news, the Company's share price fell $0.68, or over 10%, to close at $6.11 per share on October 18, 2018, on unusually heavy trading volume.

80. On March 18, 2019, Orion further revealed that the Company would be unable to timely file its annual report due to "extended evaluations of goodwill impairment testing and income tax adjustments, among other things." The Company also announced that it "expects that

a significant change in results of operations from the corresponding period for the last fiscal year will be reflected in its financial statements."

81. On this news, the Company's share price fell $0.52, or over 12%, to close at $3.72 per share on March 18, 2019, on unusually heavy trading volume.

82. On March 26, 2019, the Company reported $94.4 million net loss for the fourth quarter 2018 due to certain non-cash charges, including a $69.5 million goodwill impairment charge.

83. On this news, the Company's share price fell $0.22, or nearly 7%, to close at $2.97 per share on March 26, 2019, on unusually heavy trading volume.

84. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

SCIENTER ALLEGATIONS

85. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Orion, their control over, and/or receipt and/or modification of Orion's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Orion, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE (FRAUD-ON-THE-MARKET DOCTRINE)

86. The market for Orion's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Orion's securities traded at artificially inflated prices during the Class Period. On

August 6, 2018, the Company's share price closed at a Class Period high of $9.61 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Orion's securities and market information relating to Orion, and have been damaged thereby.

87. During the Class Period, the artificial inflation of Orion's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Orion's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Orion and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

88. At all relevant times, the market for Orion's securities was an efficient market for the following reasons, among others:

(a) Orion shares met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Orion filed periodic public reports with the SEC and/or the NYSE;

(c) Orion regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) Orion was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly

available and entered the public marketplace.

89. As a result of the foregoing, the market for Orion's securities promptly digested current information regarding Orion from all publicly available sources and reflected such information in Orion's share price. Under these circumstances, all purchasers of Orion's securities during the Class Period suffered similar injury through their purchase of Orion's securities at artificially inflated prices and a presumption of reliance applies.

90. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects – information that Defendants were obligated to disclose – positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO SAFE HARBOR

91. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or

misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Orion who knew that the statement was false when made.

FIRST CLAIM
Violation of Section 10(b) of The Exchange Act and
Rule 10b-5 Promulgated Thereunder
Against All Defendants

92. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

93. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Orion's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

94. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Orion's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

95. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Orion's financial well-being and prospects, as specified herein.

96. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Orion's value and performance and continued substantial growth, which included the making of, or the

participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Orion and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

97. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

98. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Orion's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover

whether those statements were false or misleading.

99. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Orion's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Orion's securities during the Class Period at artificially high prices and were damaged thereby.

100. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Orion was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Orion securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

101. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

102. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM
Violation of Section 20(a) of The Exchange Act
Against the Individual Defendants

103. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

104. Individual Defendants acted as controlling persons of Orion within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

105. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

106. As set forth above, Orion and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of

Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: October 4, 2019

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CERTIFICATE OF SERVICE

I hereby certify that on October 4, 2019, I electronically filed a true and correct copy of the foregoing with the Clerk of Court using the CM/ECF system of the United States District Court for the Southern District of Texas, which will send a notice of electronic filing to all counsel of record who have consented to electronic notification.

/s/ *Ex Kano S. Sams II*
Ex Kano S. Sams II